Linking the Household Surveys in the Philippine System of National Accounts: Addressing Compilation Issues and Data Gaps

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Outline

I. The Household Final Consumption Expenditures (HFCE) in the Philippines
II. Household Surveys vis-à-vis HFCE
III. Addressing Compilation Issues and Data Gaps
IV. Ways Forward
I. The Household Final Consumption Expenditures (HFCE) in the Philippines
A comparison of the 2000 based and 2018 based of the Philippine Household Final Consumption Expenditures (HFCE) showed that:

- Percentage share of each HFCE item changed due to the change in consumption pattern
- Major changes were observed in: Food and Non-alcoholic beverages (8.4 ppt); Restaurants and hotels (5.3 ppt); Health (1.1 ppt); and Education (1.0 ppt)

<table>
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</tr>
</thead>
<tbody>
<tr>
<td>2018-Based</td>
<td>34.1</td>
<td>2.4</td>
<td>1.9</td>
<td>11.5</td>
<td>3.0</td>
<td>4.0</td>
<td>10.8</td>
<td>2.7</td>
<td>2.2</td>
<td>5.3</td>
<td>9.5</td>
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<tr>
<td>2000-Based</td>
<td>42.5</td>
<td>1.4</td>
<td>1.0</td>
<td>12.0</td>
<td>3.5</td>
<td>2.9</td>
<td>11.1</td>
<td>2.6</td>
<td>1.7</td>
<td>4.2</td>
<td>4.1</td>
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</table>
During the 21 year period (2000-2021), household spending were higher prior to 2009 and was reduced starting 2010 to 2021.
Agriculture are predominantly household activities; and categorized under the informal sector (unorganized); ranked next are smaller contributions of households in the services and industries.
In the Philippine economy, household activities are 33 percent; considered as Informal; 24 percent are compensation received from labor; 72 percent as entrepreneur or producers.

<table>
<thead>
<tr>
<th>Households Factor Shares</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Organized activities</td>
<td>67.6</td>
<td>68.1</td>
<td>66.2</td>
<td>66.6</td>
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<tr>
<td>2. Unorganized activities</td>
<td>32.4</td>
<td>31.9</td>
<td>33.8</td>
<td>33.4</td>
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<tr>
<td></td>
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<table>
<thead>
<tr>
<th>HOUSEHOLDS FACTOR SHARES</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Compensation Of Employees</td>
<td>25.3</td>
<td>23.1</td>
<td>22.9</td>
<td>23.7</td>
</tr>
<tr>
<td>2. Gross Operating Surplus</td>
<td>69.6</td>
<td>71.8</td>
<td>73.1</td>
<td>71.9</td>
</tr>
<tr>
<td>3. Other Value Added</td>
<td>5.0</td>
<td>5.0</td>
<td>4.1</td>
<td>4.4</td>
</tr>
<tr>
<td></td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>
In 2017, the biggest GDP component of 7 out of 10 ASEAN countries is HFCE.

<table>
<thead>
<tr>
<th>Percentage Share to GDP</th>
<th>Brunei Darussalam</th>
<th>Cambodia</th>
<th>Indonesia</th>
<th>Lao PDR</th>
<th>Malaysia</th>
<th>Myanmar</th>
<th>Philippines</th>
<th>Singapore</th>
<th>Thailand</th>
<th>Vietnam</th>
</tr>
</thead>
<tbody>
<tr>
<td>Households and NPISHs FCE</td>
<td>20.5</td>
<td>73.4</td>
<td>57.3</td>
<td>65.2</td>
<td>55.3</td>
<td>57.4</td>
<td>73.5</td>
<td>35.6</td>
<td>48.7</td>
<td>68.0</td>
</tr>
<tr>
<td>General government FCE</td>
<td>26.5</td>
<td>5.1</td>
<td>9.1</td>
<td>12.9</td>
<td>12.2</td>
<td>14.2</td>
<td>11.2</td>
<td>10.4</td>
<td>16.4</td>
<td>6.5</td>
</tr>
<tr>
<td>Gross Capital Formation</td>
<td>34.8</td>
<td>22.9</td>
<td>33.7</td>
<td>29.0</td>
<td>25.6</td>
<td>31.4</td>
<td>25.1</td>
<td>28.2</td>
<td>22.8</td>
<td>26.6</td>
</tr>
<tr>
<td>Exports of goods and services</td>
<td>49.6</td>
<td>60.7</td>
<td>20.2</td>
<td>34.3</td>
<td>71.4</td>
<td>19.4</td>
<td>31</td>
<td>171.4</td>
<td>68.2</td>
<td>101.6</td>
</tr>
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<td>35.6</td>
<td>64.1</td>
<td>19.2</td>
<td>41.5</td>
<td>64.4</td>
<td>23.7</td>
<td>40.9</td>
<td>146.4</td>
<td>54.3</td>
<td>98.8</td>
</tr>
</tbody>
</table>

Source: UN data
II. Households, Household Final Consumption Expenditures and the Available Surveys
Who are the households

Household, by definition, is a person or group of persons with the same living accommodation, pools resources and consume certain goods and services collectively.

Household Unit
- institutional unit of society defined based on location (dwelling unit) and living arrangements

Household unincorporated production activity unit
- Outside household vicinity
- Inside outside vicinity
The households in the economy are seen as …

- Producer of goods and services
- Consumer of goods and services
- Source of labor for production
- Source of economic assets

Households

Consumption expenditure

Goods and services

Labour, investment

Compensation, dividend, interest, land rent

Producers: corporation government NPISH households
Mostly, HHs are engaged in . . .

Operating unincorporated enterprises:

- Single proprietorship (registered)
- Household with unregistered business inside/outside household vicinity (operator, contract worker, homeworker, etc.)

- Household engaged in agricultural and other primary production activities (farm, other agriculture, fishing, etc.)
Mostly, HHs are engaged in . . .

- Household with subsistence production
  (produce goods only for own consumption)
- Household with self employed worker
  (freelance consultant, carpenter...)
- Household with hired household helper
  (paid domestic worker, drivers, etc..)
- Owner of owner-occupied dwelling unit
  (producer and consumer of housing services)

Mostly engaged in:
- Agriculture
- Fishing
- Manufacturing
- Trade
- Housing Services
- Recreational and personal services
Income Transactions of HH

**Compensation**
- payment of labour input of households

**Mixed income**
- Income from business composed of operating surplus and equivalent value of household unpaid work

**Property income**
- payment for household assets placed at disposal of other producers

**Current transfer**
- income receipt or disbursed without equivalent exchange

**Social transfer in kind**
- imputed income of from goods and services received from government and non profit institutions as social transfer in kind
# Income Flows of HH

<table>
<thead>
<tr>
<th>Receipts</th>
<th>Disbursements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corp</td>
<td>Corp</td>
</tr>
<tr>
<td>Gov’t</td>
<td>Gov’t</td>
</tr>
<tr>
<td>NPISH</td>
<td>NPISH</td>
</tr>
<tr>
<td>HH</td>
<td>HH</td>
</tr>
</tbody>
</table>

- **Household**
  - Compensation
  - Mixed income/operating surplus
  - Property income
  - Current transfer
  - Social transfer in kind

- **Mixed income/operating surplus**
  - Corp
  - Gov’t
  - NPISH
  - HH

- **Property income**
  - Corp
  - Gov’t
  - NPISH
  - HH

- **Current transfer**
  - Corp
  - Gov’t
  - NPISH
  - HH

- **Social transfer in kind**
  - Corp
  - Gov’t
  - NPISH
  - HH
Consumption of HHs (COICOP)

1. Food and non-alcoholic beverage
2. Alcoholic beverage, tobacco and narcotics
3. Clothing and footwear
4. Housing, water, electricity, gas and other fuel
5. Furnishing, household equipment, routine household maintenance
6. Health
7. Transport
8. Communication
9. Recreation and culture
10. Education
11. Restaurant and hotels
12. Miscellaneous goods and services
13. Individual consumption expenditure of NPISH
14. Individual consumption expenditure of general government
General Sources of Data

• Establishment survey for household unincorporated enterprise
  • *Single/individual proprietorship*
  • *Unregistered establishment*

• Household integrated survey for household operated activities not within scope of establishment survey
General Sources of Data

- Household Income and Expenditure survey
  - *Household receipts of income*
  - *Household disbursement of income*
  - *Household consumption expenditure*
  - *Other household receipts (sale of property, loans, etc..)*
  - *Other household disbursement (purchase of assets, etc…)*
General Sources of Data

- Household Labour Force Survey
  - household labour force and employment

- Other household Surveys
  - Farm management survey
  - Food consumption survey
  - Household operated activities
  - etc..
General Sources of Data

• Government Financial Statistics
  • Government “individual” expenditure
    • Health
    • Education
    • Social services
    • Etc..

• Balance of Payment
  • Property and current transfer received and paid by households
  • Household consumption expenditure
III. Linking with the National Accounts; Addressing Compilation Issues and Data Gaps
The HFCE showed much higher estimates when compared with the Family Income and Expenditures…

how do we link the survey data and the national accounts?
Linking the Surveys & National Accounts

Family Income and Expenditure Survey (FIES)
- Triennial survey; now ANNUALLY
- Family expenditure and income in cash and in kind
- Source of information:
  - Consumer Price Index (CPI)
  - Poverty Statistics
  - Household Final Consumption Expenditure

Household Final Consumption Expenditure (HFCE)
- Quarterly and annual release
- Expenditure side of National Accounts
- 2008 System of National Accounts (SNA)
- Expenditure incurred by resident households on final consumption

Background
Household Final Consumption Expenditure (HFCE)
- Quarterly and annual release
- Expenditure side of National Accounts
- 2008 System of National Accounts (SNA)
- Expenditure incurred by resident households on final consumption
## A Summary: Difference between FIES and HFCE

<table>
<thead>
<tr>
<th>Family Income and Expenditure Survey</th>
<th>Household Final Consumption Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Private households</strong></td>
<td><strong>Individual households</strong></td>
</tr>
<tr>
<td><em>(Family)</em></td>
<td><strong>Institutional households</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Non-profit institutions serving households</strong></td>
</tr>
<tr>
<td><em>(Household)</em></td>
<td><em>(Household)</em></td>
</tr>
<tr>
<td><strong>Family expenditure:</strong></td>
<td><strong>HFCE:</strong></td>
</tr>
<tr>
<td>Food consumed and non-food items paid for</td>
<td>Final consumption expenditure of goods/services</td>
</tr>
<tr>
<td>- Imputed value of fringe benefits from employer</td>
<td></td>
</tr>
</tbody>
</table>
| - Value consumed from net share of crops, etc.,
  family sustenance activities (own account production) and from entrepreneurial activities |
| - Imputed rentals for housing         | Value of:                                |
|                                      | - barter transactions;                   |
|                                      | - income in kind; and                    |
|                                      | - own account production and consumption (i.e., imputed rent, paid domestic staff) |
| Value of gifts, support, or relief   | Payments of licenses and fees            |
| Other expenditures (tax, losses), Other disbursements (purchase of real property, major repairs and construction) |
HFCE to consider the retail output reported by establishments, less the expenditures of non-residents in the Phil plus Filipinos abroad plus Services & other production and consumption indicators.
SUPPLY AND USE TABLES

Classification based on Philippine Classification of Individual Consumption by Purpose (PCOICOP)
Other Available information for HFCE

Survey-based data from PSA

Administrative records

How to Get Alien Employment Permit
(General Guide, Requirements & Fees)
Addressing Compilation Issues

• Concepts
  • household vs family
  • residence of individual and household

• Data source
  • quality of basic data sources
  • establishment and household data
  • balance of payments (remittances)

• Measurement
  • indirect estimation of household production
  • household capital formation
IV. Ways Forward
Ways Forward starting 2023 onwards

• Study Social Accounting Matrix
• Tap available data from Community Based Monitoring System
• Enhance HFCE indicators using the FIES and from other administrative data
Thank you!

http://www.psa.gov.ph
http://openstat.psa.gov.ph
https://twitter.com/PSAgovph
https://www.facebook.com/PhilippineStatisticsAuthority